Supreme Court, U.S.
FILED
MAR 17 1997
CLERK

No. 96-1295

In The

Supreme Court of the United States

October Term, 1996

SUNBURST PRODUCTS, INC.,
d/b/a FREESTYLE U.S.A.,

Petitioner,

vs.

CYRK INTERNATIONAL, PROSPEROUS ENTERPRISES (Taiwan Ltd.), EVERWIN BAGS CO., LTD. and GLORRIEUX INDUSTRIAL, LTD.,

Respondents.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF IN OPPOSITION

EDWARD R. SCHWARTZ
Counsel of Record
CHRISTIE, PARKER & HALE, LLP
350 West Colorado Boulevard
Suite 500
Pasadena, California 91105
(818) 795-9900
Attorneys for Respondent Cyrk International

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

QUESTIONS PRESENTED

Following a jury trial, the District Court entered judgment that Respondents had infringed the trade dress of Petitioner's waist pack under federal law. The Federal Circuit reversed the judgment, holding that the jury's finding that the product design was inherently distinctive was not supported by substantial evidence and that the District Court erred in not granting Respondent Cyrk's motion for judgment as a matter of law. Because Petitioner's framing of the questions is in part inaccurate, Respondent submits that the issues before the Court are more properly framed as follows:

1. Whether the Court should reweigh the evidence and testimony presented at trial and on appeal and reverse the holding of the Federal Circuit that the jury's finding that Petitioner's product design was inherently distinctive was not supported by substantial evidence.

2. Whether the Court should overrule its prior holdings that in order for trade dress to be found to be inherently distinctive there must be proof that the product design intrinsically identifies the particular source of the product rather than the product itself.

RULE 29.6 STATEMENT

Respondent, Cyrk International, presently known as Cyrk, Inc., has no parent company and no nonwholly owned subsidiaries.

TABLE OF CONTENTS

Page

QUESTIONS PRESENTED i

RULE 29.6 STATEMENT ii

STATEMENT OF THE CASE 1

A. Course of Proceedings and Disposition of the Case Below 1

B. Correction of Misstatements in the Petition .. 2

REASONS WHY THE PETITION SHOULD BE DENIED 5

SUMMARY OF THE ARGUMENT 5

ARGUMENT 7

I. SUNBURST'S CLAIMED NEED FOR ESTABLISHING A UNIFORM NATIONAL STANDARD FOR PROVING INHERENT DISTINCTIVENESS IS NONJUSTICIABLE BECAUSE THE PARTIES AGREE THAT THE DISTRICT COURT AND THE FEDERAL CIRCUIT APPLIED A CORRECT STANDARD..... 7

A. Sunburst's Appeal for a Uniform National Standard Is Irrelevant to the Present Case and Cannot Be a Compelling Reason to Grant Certiorari 7

B. Sunburst and Cyrk Disagree on the Nature, Quality, and Quantity of Evidence Presented by Sunburst to Demonstrate the Inherent Distinctiveness of its Claimed Trade Dress..... 9

TABLE OF CONTENTS – Continued

Page

C. Granting Sunburst's Petition Would Violate the Court's Long-standing Tradition of Resolving Cases or Controversies Based on Actual Conflicts of Law Rather than Conflicts over the Application of Accepted Law to Disputed Facts..... 10

D. Sunburst's Claim That There Exists a "Real and Embarrassing" Conflict Among the Courts of Appeal Over the Standard for Inherent Distinctiveness Is Exaggerated and Confuses Differences in the Evidentiary Approaches Used by Courts with Differences Due to Varying Legal Standards.... 12

1. All appellate decisions cited by Sunburst adhere to the basic test underlying the *Two Pesos* inherent distinctiveness analysis: does the claimed trade dress inherently act as a source identifier..... 12

2. The existence of different evidentiary approaches used by courts does not provide a compelling reason to grant certiorari..... 16

II. BECAUSE THE FEDERAL CIRCUIT ACTED WELL WITHIN ITS SCOPE OF APPELLATE REVIEW AND IN ACCORDANCE WITH THE DECISIONS OF THIS COURT, THE EXERCISE OF THIS COURT'S SUPERVISORY POWERS WOULD WASTE PRECIOUS JUDICIAL RESOURCES..... 18

TABLE OF CONTENTS – Continued

Page

A. The Federal Circuit Applied a Legal Standard for Inherent Distinctiveness That Is Agreed to by Both Parties, Accepted in the Ninth Circuit, and in Complete Accordance with this Court's Decision in *Two Pesos* ... 18

B. The Federal Circuit Properly Exercised its Power of Appellate Review by Ruling That Sunburst Had Not Proven That its Trade Dress Was Inherently Distinctive 20

III. CONCLUSION..... 25

APPENDIX A

JOINT APPENDIX, EXCERPTS, UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT A1

TABLE OF AUTHORITIES

Page

CASES

Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4 (2nd Cir. 1976) 14, 15, 17, 18

Bonito Boats, Inc. v. Thunder Crafts Boats, Inc., 489 U.S. 141 (1989) 23

Chevron Chemical Co. v. Voluntary Purchasing Groups, 659 F.2d 695 (5th Cir. 1981) 15, 18

Computer Care v. Service Systems Enterprises, 982 F.2d 1063 (7th Cir. 1992) 15

Devan Designs, Inc. v. Palliser Furniture Corp., 27 U.S.P.Q. 2d 1399 (4th Cir. 1993) 15

Duraco Products v. Joy Plastic Enterprises, Ltd., 40 F.3d 1431 (3rd Cir. 1994) 14, 17

EFS Marketing v. Russ Berrie & Co., Inc., 76 F.3d 487 (2nd Cir. 1996) 13

Imagineering, Inc. v. Van Klassens, Inc., 53 F.3d 1260 (Fed. Cir. 1995) 15

International Jensen v. Metrosound U.S.A., 4 F.3d 819 (9th Cir. 1993) 15, 18

Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U.S. 844 (1982) 13

Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc., 58 F.3d 27 (2nd Cir. 1995) 15

Knitwaves, Inc. v. Lollytogs Ltd., Inc., 71 F.3d 996 (2nd Cir. 1995) 13

TABLE OF AUTHORITIES – Continued

Page

Krueger International, Inc. v. Nightingale, Inc., 915 F. Supp. 595 (S.D. N.Y. 1996) 23

L. & J.G. Stickley, Inc. v. Canal Dover Furniture Co., Inc., 79 F.3d 258 (2nd Cir. 1996) 13

Mana Products v. Columbia Cosmetics Manufacturing, 65 F.3d 1063 (2nd. Cir. 1995) 15

New York Racing Association v. Perlmutter Publishing, Inc., 1996 U.S. Dist. LEXIS 11764 (N.D. N.Y. 1996) 14

Paddington Corp. v. Attiki Importers & Distributing, 996 F.2d 577 (2nd Cir. 1993) 15

In re R.M. Smith, Inc., 734 F.2d 1482 (Fed. Cir. 1984) 23

Rubbermaid Commercial Products, Inc. v. Contico International, Inc., 836 F. Supp. 1247 (W.D. Va. 1993) 23

Seabrook Foods, Inc. v. Bar-Well Foods Ltd., 568 F.2d 1342, 196 U.S.P.Q. 289 (CCPA 1977) ..... *passim*

Stuart Hall Co. v. Ampad Corp., 51 F.3d 780 (8th Cir. 1995) 15, 17

Sumner v. Mata, 449 U.S. 539 (1981) 11

Thomas & Betts Corp. v. Panduit Corp., 65 F.3d 654 (7th Cir. 1995) 14

Tone Brothers v. Sysco Corp., 28 F.3d 1192 (Fed. Cir. 1994) 15, 17, 19

Topps Company, Inc. v. Gerrit J. Verburg Co., 1996 U.S. Dist. LEXIS 18556 (S.D. N.Y. 1996) 13

TABLE OF AUTHORITIES – Continued

Page

Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992) ..... *passim*

United States v. Johnston, 268 U.S. 220 (1925)..... 11

Versa Products Co. v. Bifold Co., 50 F.3d 189 (3rd Cir. 1995)..... 24

Vornado Air Circulation Systems v. Duracraft Corp., 58 F.3d 1498 (10th Cir. 1995), mot. granted, cert. denied, ___ U.S. ___, 116 S. Ct. 753 (1996) 15

STATUTES

15 U.S.C. Section 1127 13

Sup. Ct. R. 10 (1995) 11

Sup. Ct. R. 15.2 (1995)..... 2

BRIEF IN OPPOSITION

Respondent, Cyrk International ("Cyrk"), respectfully opposes the petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit"). No special and important reason exists that would justify a review on writ of certiorari.

STATEMENT OF THE CASE

A. Course of Proceedings and Disposition of the Case Below.

Petitioner, Sunburst Products, Inc. ("Sunburst") seeks to have this Court review the decision of the Federal Circuit which reversed the judgment of the United States District Court for the Central District of California ("District Court"). The District Court entered judgment against Cyrk and its suppliers based on jury findings in a special verdict. In reversing the District Court judgment, the Federal Circuit found that the District Court erroneously failed to grant Cyrk's motion for judgment as a matter of law.[1] In reaching its decision, the Federal Circuit concluded that on the record before it, Sunburst presented no

[1] In its motion for judgment as a matter of law, Cyrk asserted that there was insufficient evidence to support jury findings that the Sunburst waist pack design was inherently distinctive and nonfunctional. Cyrk also asserted that there was no evidentiary basis for an award of damages in the absence of proof of actual confusion or deception or intent to trade on Sunburst's goodwill.

The District Court did not grant Cyrk's motion and Cyrk raised on appeal each of the issues asserted in the motion for

evidence that its waist pack design or features would inherently identify it as the source of the goods and therefore the jury's finding that the Sunburst design was inherently distinctive was not supported by substantial evidence.

B. Correction of Misstatements in the Petition.

The opinion of the Federal Circuit correctly sets forth the facts of this case. The opinion accurately depicts the absence of evidentiary support for the jury's finding that the Sunburst waist pack was inherently distinctive.

Pursuant to United States Supreme Court Rule 15.2, Cyrk brings the following misstatements of facts contained in Sunburst's petition to the Court's attention.

Sunburst misstates the findings of the Federal Circuit by stating in the first of its "Questions Presented" that its design was "held to be novel, unique, unusual and even memorable by the Court of Appeals for the Federal Circuit." (Petition at i.) The Federal Circuit made no such holding. Rather, the Federal Circuit stated in *dicta* there was evidence to show that Sunburst's design *may* have been unique, unusual or memorable in this field but made no holding that there was sufficient evidence to prove such qualities. (Petition, Appendix B at B-11-12.)

---

judgment as a matter of law. Since the Federal Circuit's decision that the lack of evidentiary support of the jury finding of inherent distinctiveness was dispositive of the appeal, the other bases of Cyrk's appeal have not as yet been addressed by the Federal Circuit.

Sunburst erroneously states that "[t]he Federal Circuit did not give weight to the presumption of distinctiveness applied in the Ninth Circuit when there is evidence of actual copying which remains unrebutted by evidence showing a legitimate justification for the copying." (Petition at 26.) This assertion is misleading for two reasons. First, Sunburst never asserted this legal proposition either at trial or on appeal.[2] Further, the appellate record plainly showed substantial evidence of justification for Cyrk's copying of Sunburst's waist pack design – Cyrk personnel with years of experience in the waist pack field did not consider Sunburst's design to be distinctive or proprietary and patent counsel had advised that the design could be copied. (A5-14, A17.)[3]

Sunburst misstates to this Court the evidence and testimony presented at trial which it contends supports the jury finding of inherent distinctiveness as follows:

1. Sunburst's designers did not testify that they studied the universe of existing waist packs in connection with their design of the Sunburst waist pack design as

---

[2] Further, Sunburst did not object to the only instruction given to the jury concerning copying:

> The law permits imitation and copying of trade dress that is not inherently distinctive and has not acquired secondary meaning associating the product with a particular source. Competitors may intentionally copy wholly functional product features and trade dress which lacks secondary meaning or is not inherently distinctive.

[3] Excerpts from the appellate record appendix are attached hereto as Appendix A. (The Court's attention is directed to the bracketed sections of the excerpts.)

alleged by Sunburst. (Petition at 4.) Rather, the designers actually testified that they merely discussed different concepts "to come up with the optimum design." (A1-2.)

2. Although Sunburst claims it introduced hundreds of designs of luggage articles, including about 80 waist packs (Petition at 4), Sunburst fails to inform the Court that all of these articles had ceased being on the market years before design of Sunburst's waist pack and therefore were not indicative of market conditions at the time Sunburst's waist pack was designed. (A15-16.)

3. Sunburst asserts that it presented copies of sports magazines highlighting the uniqueness of its waist pack design (Petition at 4). However, no such evidence or testimony was included in the appellate record appendix and therefore such evidence (the existence of which is contested by Cyrk) was not before the Federal Circuit.

4. Sunburst incorrectly asserts that Cyrk intentionally copied the Sunburst design knowing that the waist pack and bottle design was unique to Sunburst (Petition at 5). Rather, the uncontroverted testimony showed that Cyrk never thought the waist pack was proprietary and that it was advised by patent counsel that there was no existing patent on the waist pack (or the bottle) and that there were no problems in copying the waist pack design. (A5-14, A17.)

5. Sunburst falsely states that it "introduced evidence of independent sales representatives who testified" that they inquired concerning the source of the Cyrk waist pack (Petition at 5). In fact, no independent sales representatives testified at trial. Rather, Sunburst presented only testimony of two of its employees concerning

statements purportedly made by two unnamed independent sales representatives. (A3-4, A18-19.)

REASONS WHY THE PETITION SHOULD BE DENIED

SUMMARY OF THE ARGUMENT

In its petition for writ of certiorari, Sunburst relies upon two arguments: 1) a conflict exists among the circuit courts concerning a legal standard in trademark law; and 2) the Court of Appeals for the Federal Circuit has entered a decision which calls for an exercise of this Court's supervisory powers. Sunburst's arguments are not sufficiently compelling to warrant a grant of certiorari by this Court.

Sunburst's first reason for review seeks resolution of a legal issue which is not controverted in this case. Although Sunburst has framed its petition in terms of resolving a "split among the Circuits" regarding the standard for evaluating inherently distinctive trade dress, this legal issue is not and has never been a source of controversy in this case. Both parties, the trial court, and the Federal Circuit agree on the standard for evaluating inherently distinctive trade dress. As such, Sunburst's "split among the Circuits" argument is wholly irrelevant to the case at hand.

Furthermore, Sunburst ignores that courts are remaining true to the dictates of *Two Pesos* and the Lanham Act by extending protection to product configuration trade dress if it is inherently distinctive as required by this Court. All cases cited by Sunburst agree that for

trade dress to be inherently distinctive it must intrinsically function as a source identifier. Although different evidentiary approaches exist in evaluating the intrinsic nature of the claimed trade dress, different approaches do not indicate a "split among the Circuits" warranting this Court's urgent attention.

Sunburst also argues that the Federal Circuit did not follow Ninth Circuit law or Supreme Court precedent and substituted its own judgment for that of the jury verdict, thereby requiring this Court to exercise its supervisory powers. In reality, Sunburst is attempting to transform a dispute over facts into a dispute over legal standards. The Federal Circuit applied a legal standard for evaluating inherent distinctiveness which is in accordance with Ninth Circuit law and Supreme Court precedent and, significantly, to which both parties expressly agreed. The Federal Circuit reversed the trial court judgment because it found, under a substantial evidence standard of review, that Sunburst did not present sufficient evidence to prove its claimed trade dress is inherently distinctive under the very standard which Sunburst had proposed. While Sunburst charges that the Federal Circuit improperly refused to presume Sunburst's alleged trade dress had any association with product source, Sunburst fails to recognize that a court may not presume association unless the party claiming trade dress protection submits evidence establishing the source identifying nature or status of its trade dress. Because Sunburst did not present sufficient evidence of inherent distinctiveness, the Federal Circuit found that Sunburst had not met its burden of proving that its trade dress was inherently distinctive.

In sum, Sunburst's two arguments do not provide a compelling reason for this Court to entertain a factual dispute with no national or jurisprudential significance[4]. This Court should deny Sunburst's petition for writ of certiorari.

ARGUMENT

I. SUNBURST'S CLAIMED NEED FOR ESTABLISHING A UNIFORM NATIONAL STANDARD FOR PROVING INHERENT DISTINCTIVENESS IS NONJUSTICIABLE BECAUSE THE PARTIES AGREE THAT THE DISTRICT COURT AND THE FEDERAL CIRCUIT APPLIED A CORRECT STANDARD.

A. Sunburst's Appeal for a Uniform National Standard Is Irrelevant to the Present Case and Cannot Be a Compelling Reason to Grant Certiorari.

Sunburst devotes a majority of its petition to an analysis of each circuit's legal standard for evaluating the inherent distinctiveness of trade dress and eventually concludes that this Court should grant certiorari because a uniform national standard is needed. However, the legal standard for evaluating the inherent distinctiveness of trade dress has never been at issue in this case. Therefore, as a basis for appeal, Sunburst's uniform national standard argument is irrelevant and fails to establish a compelling reason for granting certiorari.

---

[4] Indeed, the appellate decision is unpublished and nc. citable as precedent.

The parties agree on the appropriate legal standard for evaluating inherently distinctive trade dress.[5] Sunburst expressly notes in its Petition that the standard for evaluating inherent distinctiveness was agreed to by both parties during trial and was adopted by the Federal Circuit:

> "The Federal Circuit noted that the jury instruction given on inherent distinctiveness was not challenged by either party and was properly drawn from *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342, 1344, 196 U.S.P.Q. 289, 291 (CCPA 1977) . . . The Federal Circuit noted that this instruction was consistent with Ninth Circuit precedent." Petition at 6.

Previously, in its Brief in Opposition to Cyrk's Appeal to the Federal Circuit, Sunburst actively promoted the *Seabrook* test. Opposition Brief at 18. Sunburst applied the factors cited in the *Seabrook* test to the evidence it presented at trial. *Id.* at 36-37. Cyrk also recognized that the *Seabrook* test is the appropriate governing legal standard

---

[5] Both parties agreed to the following jury instruction:

> A trade dress is inherently distinctive if its design, shape or combination of elements is so unique, unusual or unexpected in its market that one can assume without proof that it could automatically be perceived by customers as an indication of origin. Factors to be considered in determining whether a trade dress is inherently distinctive includes whether the trade dress is a common basic shape or design, whether it is unique or unusual in a particular field, and whether it is a mere refinement of a commonly adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for goods.

and provided jury instructions based upon the *Seabrook* test. Cyrk's Appeal to the Federal Circuit at 25-26. Despite Sunburst's present allegation that the Federal Circuit did not follow this Court's decision in *Two Pesos* or Ninth Circuit precedent, (Petition at 24-26), the Federal Circuit expressly stated its approval of *Seabrook* and based its decision upon the failure of Sunburst to meet the *Seabrook* test. (Petition, Appendix B at B-12.) ("Sunburst failed to present relevant evidence concerning any of the other factors identified in *Seabrook*.") Thus, throughout the litigation, all parties and all courts have accepted and promoted the use of the *Seabrook* test.

In light of the parties' acceptance of a single legal standard for evaluating the inherent distinctiveness of trade dress, Sunburst's argument based on its perceived conflict among the circuits is completely irrelevant. The case at hand simply does not incorporate the alleged conflict. As such, this Court should find that Sunburst's conflict among the circuits argument does not provide any reason, much less a compelling one, for this Court to grant certiorari.

B. Sunburst and Cyrk Disagree on the Nature, Quality, and Quantity of Evidence Presented by Sunburst to Demonstrate the Inherent Distinctiveness of its Claimed Trade Dress.

The actual controversy being appealed centers on the nature, quality, and quantity of evidence presented by Sunburst and whether that evidence is sufficient to support a finding of inherent distinctiveness under the accepted *Seabrook* inherent distinctiveness analysis.

Sunburst believes that its presentation of third party luggage and waist packs which had not been on the market for several years, the presence of an internal "distinctive" component that is not readily visible to the consumer, a design patent, magazine reviews, and testimony regarding the intent of its waist pack designers is enough to sustain a finding of inherent distinctiveness. *See* Petition at 27.

Cyrk maintains, and the Federal Circuit agrees, that Sunburst's evidence fails to adequately address any of the factors listed in the *Seabrook* test and, therefore, as a matter of law, is not sufficient to support a finding of inherent distinctiveness. *See* Petition, Appendix B at B11-12.

Plainly, this case does not involve a controversy concerning applicable law. Rather the foregoing factual dispute is the true essence of Sunburst's petition for writ of certiorari. *See* Petition at 26 (Sunburst claims that the Federal Circuit "ignored evidence of record and wrongly substituted its judgment with respect to factual findings for the judgment of the jury in the case").

C. Granting Sunburst's Petition Would Violate the Court's Long-standing Tradition of Resolving Cases or Controversies Based on Actual Conflicts of Law Rather than Conflicts over the Application of Accepted Law to Disputed Facts.

Sunburst's appeal has no jurisprudential significance for two reasons. First, as demonstrated in Sections I.A. and I.B. *supra*, the parties disagree solely over the application of accepted law to disputed facts. A resolution of

this factual dispute would require this Court not to interpret law, but to make a third set of factual findings, an activity this Court has historically refused to do.

As stated in Rule 10 of the Supreme Court Rules, "[a] petition for a writ of certiorari is rarely granted when the asserted error consists of erroneous factual findings or the misapplication of a properly stated rule of law." *Sup. Ct. R. 10 (1995)*. The Court has, on numerous occasions, reaffirmed this general policy. See *Sumner v. Mata*, 449 U.S. 539, 543 (1981) (In cases without significant policy implications, the mere fact "an appellate court reached an opposite conclusion from a trial court . . . is little reason for invocation of this Court's discretionary jurisdiction to make a third set of findings."); *see also United States v. Johnston*, 268 U.S. 220, 227 (1925) ("We do not grant a certiorari to review evidence and discuss specific facts.").

In addition, because there is no controversy in this case concerning a standard for evaluating inherent distinctiveness, the Court would be acting in an advisory role if it granted certiorari to address Sunburst's "split among the Circuits" argument. Therefore, given the nature of this case, the Court should refrain from granting certiorari and embroiling itself in a factual dispute of no judicial or national significance.

D. Sunburst's Claim That There Exists a "Real and Embarrassing" Conflict Among the Courts of Appeal Over the Standard for Inherent Distinctiveness Is Exaggerated and Confuses Differences in the Evidentiary Approaches Used by Courts with Differences Due to Varying Legal Standards.

1. All appellate decisions cited by Sunburst adhere to the basic test underlying the *Two Pesos* inherent distinctiveness analysis: does the claimed trade dress inherently act as a source identifier.

In arguing that the split among the Circuits regarding the standard for evaluating the inherent distinctiveness of trade dress "has reached embarrassing heights", (Petition at 18-19), Sunburst fails to recognize that, in fact, the Circuits agree on the fundamental legal standard: does the claimed trade dress inherently act as a source identifier. This standard was firmly established in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992) and is in complete accordance with the Lanham Act. Thus, Sunburst's split among the Circuits argument is incomplete, overblown and inaccurate.

In *Two Pesos*, this Court concluded that since the Lanham Act did not differentiate between trade dress and other forms of trademarks, distinctive, nonfunctional trade dress may be protected under section 43(a). *Id.* at 774-775. The distinctiveness element in the protectability analysis insures that the claimed trade dress actually does or inherently can act as a source identifier, as required by the Lanham Act. *Id.* at 768-769; see *Id.* at 773 (The general rule applicable to trademarks is whether the mark "is

capable of identifying products or services as coming from a specific source".); *see* 15 U.S.C. section 1127 (A trademark is a device used by any person "to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of goods") *see also Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851, n.ll (1982) (in order to establish distinctiveness of product trade dress, a manufacturer must show that "the primary significance of a product feature or term is to identify the source of the product rather than the product itself."). Inherent distinctiveness, a subsection of the distinctiveness element, tests whether the trade dress by its "intrinsic nature serves to identify a particular source of a product." *Two Pesos*, 505 U.S. at 768 (emphasis added); *see also Id.* at 772 (Inherently distinctive marks are "inherently capable of distinguishing the goods of the users."). Thus, the legal standard for determining if a claimed trade dress is inherently distinctive and therefore protectable, focuses on whether the intrinsic nature of the trade dress serves to act as a source identifier.

As demonstrated by the cases cited by Sunburst in its petition, the foregoing basic legal standard is followed in all of the Circuits.

The Second Circuit has repeatedly stated that trade dress is inherently distinctive if it "is likely to serve primarily as a designator of origin of the product." *EFS Marketing v. Russ Berrie & Co., Inc.*, 76 F.3d 487 (2nd Cir. 1996); *L. & J.G. Stickley, Inc. v. Canal Dover Furniture Co., Inc.*, 79 F.3d 258 (2nd Cir. 1996); *see Knitwaves, Inc. v. Lollytogs Ltd., Inc.*, 71 F.3d 996 (2nd Cir. 1995); *see Topps Company, Inc. v. Gerrit J. Verburg Co.*, 1996 U.S. Dist. LEXIS

18556 (S.D. N.Y. 1996) (quoting *EFS Marketing*); *see New York Racing Association v. Perlmutter Publishing, Inc.*, 1996 U.S. Dist. LEXIS 11764 (N.D. N.Y. 1996).

In *Duraco Products v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1451 (3rd. Cir. 1994), the Third Circuit developed a three pronged evidentiary approach which includes whether the product configuration is likely to serve primarily as a designator of origin of the product. *Duraco*, 40 F.3d at 1449. *See also Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 657-659 (7th Cir. 1995) (accepting the *Duraco* test for product configuration cases).

Similarly, both the categorical[6] and market[7] approaches to evaluating the inherent distinctiveness of trade dress discussed in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2nd Cir. 1976) and *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977) respectively, operate on the same basic principle, specifically, does the claimed trade dress intrinsically act as a source identifier. See *Abercrombie*, 537 F.2d at 11 ("fanciful and arbitrary terms enjoy all the rights awarded to suggestive marks – without the need of debating whether the term is 'merely descriptive'."); *see Seabrook*, 568 F.2d at 1344 ("The threshold question is whether the [claimed trade dress] functions . . . in identifying and distinguishing the goods of Seabrook.").

---

[6] The categorical approach refers to the five possible categories, generic, descriptive, suggestive, fanciful, and arbitrary, into which a trademark can be placed.

[7] The market approach focuses on whether the product, relative to the market, has an intrinsic, source-identifying purpose.

Numerous of the cases referenced by Sunburst cite approvingly to one or both approaches and, therefore, adopt the approaches same basic operating principle. *See Computer Care v. Service Systems Enterprises*, 982 F.2d 1063, 1069 (7th Cir. 1992) (stating that trade dress is inherently distinctive if it is arbitrary or suggestive, i.e., sufficiently distinctive to act as a source-identifier.); *see Devan Designs, Inc. v. Palliser Furniture Corp.*, 27 U.S.P.Q.2d 1399, 1400 (4th Cir. 1993) (accepting *Abercrombie*); *see Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260, 1264 (Fed. Cir. 1995), *cert. denied*, ___ U.S. ___, 116 S. Ct. 277 (1995) (after stating that "[t]rade dress is inherently distinctive when, by its 'intrinsic nature,' it identifies the particular source of a product", the court applied the *Seabrook* evidentiary approach to evaluate the trade dress.); *see International Jensen v. Metrosound U.S.A.*, 4 F.3d 819, 824 (9th Cir. 1993) ("A mark or dress is distinctive when it identifies the particular source of the product or distinguishes it from other products."); *see Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 31 (2nd Cir. 1995) (accepts *Abercrombie*); *see Mana Products v. Columbia Cosmetics Mfg.*, 65 F.3d 1063, 1069 (2nd. Cir. 1995) (accepts *Abercrombie*); *see Chevron Chemical Co. v. Voluntary Purchasing Groups*, 659 F.2d 695, 702 (5th Cir. 1981), *cert. denied*, 457 U.S. 1126 (1982); *see Paddington Corp. v. Attiki Importers & Distrib.*, 996 F.2d 577, 583 (2nd Cir. 1993) (accepts *Abercrombie*); *see Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 785 (8th Cir. 1995) (accepts *Abercrombie*); *see Tone Bros. v. Sysco Corp.*, 28 F.3d 1192, 1205 (Fed. Cir. 1994), *cert. denied*, ___ U.S. ___, 115 S. Ct. 1356 (1995) (accepts both the *Abercrombie* and *Seabrook* evidentiary approaches); *see Vornado Air Circulation Systems v. Duracraft Corp.*, 58 F.3d 1498, 1502 (10th Cir. 1995),

mot. granted, cert. denied, ___ U.S. ___, 116 S. Ct. 753 (1996) (finding that trade dress is inherently distinctive if "their intrinsic nature is such to 'almost automatically tell a customer that they refer to a brand' ".).

The Circuits' common approach to trade dress law is vastly different from the state of the law prior to this Court's *Two Pesos* decision. Previously, a split among the Circuits existed regarding the basic protectability of trade dress, thereby calling for a uniform interpretation of the Lanham Act. See *Two Pesos,* 505 U.S. at 772-773. Now, whatever differences exist among the Circuits is not found in the fundamental protectability of trade dress but only in what evidentiary approach should be used to best evaluate the "intrinsic nature" of the claimed trade dress. As such, Sunburst's claim that the "regional circuit courts of appeal and the Federal Circuit are clearly lost" (Petition at 18) is more hyperbole than rational argument and would not be a compelling reason for granting certiorari even if this case involved a dispute over the proper evidentiary standard, which it does not. *See* Sections I.A. and I.D.2., *infra.*

2. The existence of different evidentiary approaches used by courts does not provide a compelling reason to grant certiorari.

Differences among the Circuits in how best to evaluate the intrinsic, source-identifying nature of trade dress are limited to specific fact scenarios and are not as widespread as claimed by Sunburst. Specifically, as demonstrated in Section I.D. *supra,* the three evidentiary

approaches which exist, the market approach (*Seabrook*), the categorical approach (*Abercrombie*) and the *Duraco* approach (*Duraco Products*), all accept the fundamental protectability test for evaluating inherent distinctiveness, i.e., the trade dress must intrinsically act as a source-identifier. They differ only in what factors should be used by a court to evaluate the intrinsic nature of a claimed product configuration trade dress. *See Duraco*, 40 F.3d 1448-1451; *see Abercrombie*, 537 F.2d at 9; *see Seabrook*, 568 F.2d at 1344-1345.

These differences, however, do not rise to the level of a "real and embarrassing conflict" among the Circuits. First, this Court's ruling in *Two Pesos* did not prohibit the use of varying evidentiary approaches to determine the inherent distinctiveness of trade dress. See *Two Pesos*, 505 U.S. at 764-776; *see also Duraco*, 40 F.3d at 1442. Second, more than one evidentiary approach has been used by a single court in a single case. *See Tone Bros.*, 28 F.3d at 1205 (accepting the use of *Abercrombie* and *Seabrook*); *see Stuart Hall*, 51 F.3d at 786-788 (accepting the use of *Abercrombie* and *Seabrook* but rejecting *Duraco*). Finally, Sunburst itself recognizes that more than one approach can be validly employed in evaluating trade dress. See Petition at 21-22 (Sunburst acknowledges the difference between the *Abercrombie* and *Seabrook* approaches but believes both qualify as valid approaches under the *Two Pesos* decision.).

What Sunburst's "split among the Circuits" argument really amounts to is concern over the use of the *Duraco* test to evaluate product configurations. However, considering the fact that the *Duraco* test was not applied by the Federal Circuit in this case, Sunburst's "split among the

Circuits" argument fails to establish a compelling reason for granting certiorari.

II. BECAUSE THE FEDERAL CIRCUIT ACTED WELL WITHIN ITS SCOPE OF APPELLATE REVIEW AND IN ACCORDANCE WITH THE DECISIONS OF THIS COURT, THE EXERCISE OF THIS COURT'S SUPERVISORY POWERS WOULD WASTE PRECIOUS JUDICIAL RESOURCES.

A. The Federal Circuit Applied a Legal Standard for Inherent Distinctiveness That Is Agreed to by Both Parties, Accepted in the Ninth Circuit, and in Complete Accordance with this Court's Decision in *Two Pesos*.

Although Sunburst presently argues that the Federal Circuit did not follow Ninth Circuit or Supreme Court precedent in evaluating the inherent distinctiveness of its trade dress, Sunburst expressly notes that the parties and the Federal Circuit adopted and approved of the *Seabrook* approach at trial. Petition at 6. Because the *Seabrook* approach is in complete accordance with *Two Pesos* as well as Ninth Circuit precedent, the exercise of this Court's supervisory powers is not required and no compelling reason exists to grant certiorari.

Seabrook is a test which the Federal Circuit and Sunburst itself recognize is in accordance with Ninth Circuit law and Supreme Court precedent. *See* Petition, Appendix B, at B9-10 (claiming the *Seabrook* test accords with Ninth Circuit law as expressed in *International Jensen*, 4 F.3d at 824); *see* Petition at 21-22 (Sunburst argues that the *Abercrombie*, *Chevron*, and *Seabrook* tests, as opposed to the

Duraco test, are in accordance with this Court's decision in *Two Pesos*.). The Federal Circuit used the factors cited in the jury instruction and *Seabrook* in evaluating Sunburst's proofs.[8] Petition, Appendix B at B9-12. Thus, by using *Seabrook*, the Federal Circuit applied an appropriate approach in evaluating the alleged inherent distinctiveness of Sunburst's claimed trade dress.

Sunburst argues, however, that the Federal Circuit added a consumer recognition requirement to its evaluation of Sunburst's claimed trade dress under *Seabrook*. Petition at 17-18, 22, 24 ("the Federal Circuit failed to recognize that no proof of secondary meaning or association as to source is required for inherently distinctive trade dress because the association between trade dress and source is presumed."). Sunburst, however, has misinterpreted the Federal Circuit's opinion and is attempting to transform the Federal Circuit's critique of Sunburst's evidentiary showing into a misstatement of law.

Specifically, as a matter of law, the association between source and trade dress may only be presumed once sufficient evidence that the trade dress has an intrinsic source-identifying function is presented by the party claiming protection. *See Two Pesos*, 505 U.S. 773-774 (once a trademark or trade dress is shown to be inherently

---

[8] The Federal Circuit has historically noted that *Seabrook* is binding precedent which should be used in evaluating the inherent distinctiveness of trade dress. See *Tone Bros.*, 28 F.3d at 1205 (recognizing the *Seabrook* factors were established by the Federal Circuit's predecessor court, the Court of Customs and Patent Appeals, and govern the inherent distinctiveness analysis).

distinctive, then proof of consumer recognition is unnecessary because the law presumes an association between source and the dress or mark.). Here, the Federal Circuit has stated that Sunburst did not submit enough evidence to deserve that presumption. *See* Petition, Appendix B at B11 ("Petitioner presented no evidence that its design or features would inherently identify it as to the source of the goods."). Expounding further, the Federal Circuit stated that, while some evidence exists that the product may be unusual, most of what Sunburst presented was not "relevant evidence concerning any of the other factors identified in *Seabrook* and the jury instruction". *Id.* at B-12. In sum, the Federal Circuit was not applying a different standard of law, but rather, the proper standard of law to facts which simply do not support a finding of inherent distinctiveness.

B. The Federal Circuit Properly Exercised its Power of Appellate Review by Ruling That Sunburst Had Not Proven That its Trade Dress Was Inherently Distinctive.

The essence of Sunburst's petition is whether the Federal Circuit was correct in finding that there was insufficient evidence of inherent distinctiveness to uphold the jury finding. Sunburst argues that the following evidence is sufficient to uphold the trial court jury verdict.

> The evidence included the testimony of the designers; hundreds of designs of luggage articles, including about 80 waist packs; articles in sports magazines pointing to the novelty and uniqueness of the REAR GEAR design; the fact

> of an issued design patent; admissions by the defendant that the bottle included in the claimed trade dress is distinctive; admissions by the defendant that it intentionally copied the claimed trade dress, and evidence of actual confusion by sophisticated sales representatives familiar with the trade dress. Petition at 27-28.

As shown below, the foregoing evidence is not probative of inherent distinctiveness or relevant to any of the *Seabrook* factors. Further, Sunburst is now misrepresenting the extent of actual proof it submitted during trial and on appeal.

Sunburst did not provide any evidence that its product design was unique or novel relative to the relevant marketplace. Sunburst claims that it introduced "hundreds of designs of luggage articles, including about 80 waist packs" and submitted "articles in sports magazines pointing to the novelty and uniqueness of the REAR GEAR design". (Petition at 4). However, the luggage and waist pack designs submitted by Sunburst were not indicative of the market at the time the alleged trade dress entered the market because they were last sold years before the design of Sunburst's waist pack. (A15-16). To demonstrate distinctiveness, Sunburst cannot be allowed to reach back in time, analyze a different market, and claim distinctiveness relative to that different market. Rather, Sunburst's evidence of novelty and uniqueness must relate to market conditions at the time the alleged trade dress entered the waist pack market. See *Seabrook*, 568 F.2d at 1345 (to determine whether a trademark is inherently distinctive enough to be presumed a source-identifier, the court reviews concurrent third party uses

of similar marks.). Additionally, Sunburst's claim that it submitted articles which establish the uniqueness of the trade dress is irrelevant because Sunburst did not include the articles or testimony concerning the articles in the appellate record appendix. As such, Sunburst's argument that these articles support a finding of inherent distinctiveness has been waived.

Sunburst also claims that its designers studied the universe of existing waist packs while designing the Sunburst waist pack. (Petition at 4). However, the designers' actual testimony proves that they did not study the universe of existing waist packs but merely discussed different concepts "to come up with the optimum design". (A1-2). Thus, any suggestion that Sunburst made a concerted attempt to create a source-identifying design in view of existing competitive designs is unsupported.

In addition to providing no evidence demonstrating novelty or uniqueness of its claimed trade dress relative to the relevant marketplace, Sunburst also erroneously relies on other evidence, specifically an issued design patent, intentional copying, and allegations of actual confusion, to supply some indicia of inherent distinctiveness. As a matter of law, Sunburst's evidence is either unreliable or irrelevant to the inherent distinctiveness analysis.

First, Sunburst argues that its evidence of independent sales representatives' confusion over whether Sunburst had sourced the waist packs distributed by Phillip Morris should be considered proof of inherent distinctiveness. (Petition at 5). Sunburst, however, did not provide actual testimony of sales representatives (or of any consumers or retail store owners) but rather relied on

the testimony of two of its employees concerning what the unidentified sales representatives had purportedly said to them. (A3-4, A18-19). Such evidence is highly unreliable and cannot be considered sufficient proof of inherent distinctiveness.

Furthermore, while Sunburst claims a design patent is evidence that its design is novel and therefore distinct in a trademark sense, (Petition at 4) the Federal Circuit has clearly established that a design patent is not sufficient evidence of inherent distinctiveness. *In re R.M. Smith, Inc.*, 734 F.2d 1482, 1485 (Fed. Cir. 1984). *See Krueger International, Inc. v. Nightingale, Inc.*, 915 F. Supp. 595, 605 (S.D. N.Y. 1996) (the existence of a design patent is irrelevant to distinctiveness of trade dress). *See, Rubbermaid Commercial Products, Inc. v. Contico International, Inc.*, 836 F. Supp. 1247, 1261 (W.D. Va. 1993) (a design may be sufficiently novel to merit a design patent but not be inherently distinctive because it does not suggest its source). Thus, as a matter of law, Sunburst's design patent does not establish distinctiveness in a trademark sense.

Having provided no direct proof establishing the protectability of its trade dress, Sunburst then argues that Cyrk's intentional copying of its design should be used as proof of inherent distinctiveness. (Petition at 5). It is well established, however, that a party may intentionally copy unprotected designs and that such copying is both permitted and encouraged by our principles of free market competition. *See Bonito Boats, Inc. v. Thunder Crafts Boats, Inc.*, 489 U.S. 141, 146 (1989) (a strong federal policy exists which favors free competition through the use of unprotected designs or ideas because "imitation and

refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy".); *see also Vornado*, 58 F.3d at 1504 (in a review of Supreme Court precedents, the court found that the concept of a public domain "must prevail over unfair competition concerns about consumer confusion where those concerns arose solely from the product copying".); *see also Versa Products Co. v. Bifold Co.*, 50 F.3d 189, 207 (3rd Cir. 1995), *cert. denied.*, ___ U.S. ___, 116 S. Ct. 54 (1995) ("where product configurations are concerned, we must be especially wary of undermining competition. Competitors have broad rights to copy successful product designs when those designs are not protected."). The uncontroverted testimony at trial unequivocally showed that Cyrk personnel always considered Sunburst's waist pack design to be nondistinctive and non-proprietary because it merely comprised commonly used elements and because they had previously seen similar waist packs. Further, Cyrk had been advised by patent counsel that the Sunburst design was unprotected and could be copied. (A5-14, A17). Therefore, given the express policy permitting free market competition through the unrestricted use of unprotected designs, Cyrk's copying of the Sunburst design is not proof of inherent distinctiveness of the design.

As a final matter, Sunburst attempts to prove its alleged trade dress is distinctive by citing Cyrk's admission that Sunburst's kidney-shaped bottle, which is contained within the waist pack, is distinctive. (Petition at 4-5). As a matter of law, Sunburst's argument fails because the water bottle is not part of the claimed trade dress and, therefore, can not be used as evidence of trade

dress distinctiveness. Sunburst defined the scope of its alleged product configuration trade dress as covering "the waist pack identified in the complaint which is the subject of the '471 patent". (A20.) The '471 patent does not include the water bottle. (A21.) Obviously, Sunburst may not utilize distinctive items which are admittedly not part of its alleged trade dress as evidence of the distinctiveness of the trade dress itself.

III. CONCLUSION.

Sunburst's petition for a writ of certiorari should be denied. The decision for which review is sought is in accord with the established precedent of this Court. The decision was correctly decided. Finally, the issues raised by Sunburst are either irrelevant to the present case or are not sufficiently important to warrant this Court's review.

Respectfully submitted,

EDWARD R. SCHWARTZ
Counsel of Record
CHRISTIE, PARKER & HALE, LLP
350 West Colorado Boulevard
Suite 500
Pasadena, California 91105
Telephone: (818) 795-9900

APPENDIX A

* * *

earlier, we always try to be innovative and unique with what we do and be on the front end of design, and we felt that that design was getting to be a little stale. It was getting to be too common in the marketplace. So we decided that we would redesign it and try to improve it, keep the business good.

[Q What improvements were you seeking to achieve with the redesign?

A Well, there are certain benefits of the product that we really liked. We wanted to retain the bottle, and we wanted to be able to have a good pack. The most important thing for us was to get away from this "me too" type of a look, and so we wanted to have something that would separate us in the stores or when people were wearing them from everybody else. And we began a process, – it starts off with a product development meeting where we bring people in, and we just started the process of figuring different concepts and different ways we could improve the product and make it different looking than everyone else and have something that would be uniquely ours so we could go sell it to the marketplace.]

Q In your exhibit book, sir, could you turn to Exhibit Number 3? Can you identify what Exhibit Number 3 is, sir?

A That's the patent we received on the waist pouch, on the Rear Gear.

Q And how do you know that, sir?

* * *

[p. 93a] WALTER – DIRECT

A Are you referring to the design cycle that we went through?

A Yes.

[Q A team was formed within the corporation to put together the different ideas, the different concepts that we were all looking for. The people on this team were all sports people who are engaged in skiiing, cycling, running, swimming, hiking and so on. And as a result we pooled ideas and thoughts and tried to come up with the optimum design.]

Q Did the company come up with more than one design before it adopted the design of the new Rear Gear?

A There were many ideas and many concepts thrown around. And we – yes, we had several.

Q Did these various concepts and designs all incorporate a bottle suitable for carrying liquids and delivering it to consumers?

A Most of them incorporated a bottle of some sort.

Q And did these other designs include pockets or other places that personal items can be kept?

A Yes.

Q Were all these designs suitable for wearing around the waist?

A Yes.

* * *

* * *

in taking the mike back? And if you like you can move – if you're through with using the mike at that end of the jury box and are going to be using it down here you can move it down here.

MR. SONI: Would you please move it there?

(Pause)

THE COURT: Go ahead.

BY MR. SONI:

[Q Mr. Olmes, have you had any inquiries at all about the Philip Morris Marlboro Adventure Team product which is at issue in this case?

A Am I aware of it?

Q Yes.

A Yes, I am.

Q Have you received any inquiries about it at all?

A We received one inquiry from one of our reps in Florida shortly after I had seen the advertisement in a national publication which was a pullout advertisement for the Marlboro Rear Gear. Shortly after seeing that one of our reps from the East Coast called me and asked if we had produced that Rear Gear for Marlboro.]

Q Did – did you see that pullout advertisement yourself?

A Did I personally see the ad?

Q Yes.

A Yes, I did.

[p. 168] Q How did you come to see it?

A Well, because I'm involved in all the major sales of both companies and since I had no knowledge of that Rear Gear I was pretty darn irritated.

Q How did you come to see the advertisement –

THE COURT:,Tell you what. The witness's state of mind or reaction when he saw the advertisement is stricken and will be disregarded. Go ahead.

(Pause)

BY MR. SONI:

Q Is the sales rep that contacted you an employee of the company?

A She's an independent contractor. She is one of our reps but she's not an employee.

Q Have you received – do you have any knowledge of any other returns to your company of the Philip Morris fanny pack?

A I'm not aware of any other returns, no.

Q Would such returns be brought to your attention?

A In items that are returned in a very small percentage, whether it be our Ski Tote or any of our other items

* * *

* * *

the patent problem because sometimes it might not be the bottle itself, the original could also apply the patent by its special function which can fit into the fanny pack. So we would appreciate it if you could still check into this matter."

[Q Did you understand that to mean that the factory was concerned that the protection may not be limited to the bottle itself?

A No.

Q What did you understand this to mean?

A I understand this to be that there was a concern with the shape of the water bottle.

Q Referring you to the last two – last – second last sentence, and I will read it: "The originate could also applied the patent by its special function which can fit into the fanny pack."

What does that sentence mean to you?

A "The originate could also applied the patent by its special function which can fit into the fanny pack." She may have been talking about the backing to the bottle. There was a piece of foam that backed the bottle for insulation and we were talking to her about keeping the contoured shape of the bottle and – to the bag so that it would fit the body.

Q Did you investigate at all about any other features of [p. 39] the product other than the bottle to

determine if they were proprietary to Ski Tote or Freestyle?

A No, we didn't. We didn't think there was anything distinctive about anything else.

Q On what did you base that belief?

A Because there are components in that pack that are used amongst a multitude of fanny packs that we did not think were – was unusual.]

* * *

BY MR. SONI:

Q Like, that was not my question.

[Do you know of any other product in the marketplace that has the total look and appearance of the Ski Tote fanny pack?

A I have seen some more styles, yes.

Q Can you identify them?

A I have seen particularly, in my travels overseas, there

* * *

[p. 41] A To this particular bag?

Q Yes.

A Not other than what I've mentioned, no.]

Q Could you turn please, ma'am, to Exhibit 78.

MR. SONI: Your Honor, I would move to strike the testimony of the witness with respect to the product not sold in the United States, since it has no relevance.

THE COURT: Motion denied. The reason it is denied is because your question called for the answer that you got.

BY MR. SONI:

Q Could you identify, please, what Exhibit number 78 is.

[A Yes. This is a memo to the file written by Kathy McMahon at Philip Morris who at the time was the senior buyer for the Marlboro brand on the Adventure Team fanny pack.

Q And what is the date of this document?

A July 17th, 1992.

Q And does this relate to the fanny pack product?

A Yes, it does.

Q Could you read the materials that relate to the fanny pack product.

A Yes. "The pack was sent to Charles Glenn in Richmond patent office for a search. He has not found any registration currently existing on this item. He mentioned that Ski Tote, the company that makes the pack could have recently requested a [p. 42] patent on this item, but that information is secret until published. He did not foresee any problems with producing the pack."]

Q What was the date of this letter?

A July 17th, 1992.

Q Is this the first time that you received any kind of notification about the results of the search by Philip Morris?

A To my knowledge, from what I remember at the time, yes.

Q Referring back to Exhibit 14, if you could.

A Okay. Sure.

Q It's still in the same book, I believe.

Do you recall testifying –

THE COURT: The reference is to Exhibit?

MR. SONI: 14.

THE WITNESS: 14.

THE COURT: Thank you.

MR. SONI: I apologize, Your Honor, it's 13. Exhibit 13.

THE COURT: We had referred to this before. Is this one in the notebooks?

MR. SONI: Yes, Your Honor.

THE COURT: Fine. Go ahead.

MR. SONI: It's one that we have referred to before.

BY MR. SONI:

Q Do you recall in testifying about Exhibit 13, that you

* * *

* * *

A No, we did not.

Q Did anyone at Cyrk?

A No.

[Q At that meeting or any subsequent meeting, did you have concern that the waist pack, not the water bottle, I'm talking the waist pack, was a distinctive design?

A No, I did not.

Q Why not?

A To me it did not appear to be a distinctive design.]

Q You were asked by Mr. Soni to examine the features of that composite picture, which I believe is Exhibit 1113, but it's not marked.

THE COURT: Should be marked.

MR. SCHWARTZ: It is marked?

MR. SONI: It is now.

THE COURT: Yes. I had the number written on it by one of the paralegals. 1113.

BY MR. SCHWARTZ:

[Q Would you again identify the features there and tell me – you went through them all with Mr. Soni, would you go through the features and tell me why you don't think those features are distinctive.

A What is very – excuse me – typical to a fanny pack which these two have is the contoured shape to the body as you wear it at your waist. The polypropylene webbing is very [p. 95] common with the SR buckle closure. A main compartment, zippered compartment opening for storage of either a water bottle or a wallet or a Walkman is very common. And traditionally trying to get as many functions out of a small piece as possible. Two to three – one, two to three extra pockets to store keys, coins, cash, license, whatever.]

Q Okay. Is there anything distinctive that you believe would identify the source of goods of either of those waist packs?

A The in my mind the only thing that was distinctive was the water bottle.

Q What about the logo?

A I think – I'm sorry. Could you repeat your question.

Q Do you think that the logos, for example, the Marlboro Adventure Team logo on the Marlboro waist pack and the Rear Gear logo on the Rear Gear waist pack would be looked at by consumers as the indication of who that product came from?

A Yes.

Q Is use of a logo or name on a product common?

MR. SONI: Objection as to the form of the question.

THE COURT: Is the use of a logo common? No. I'll allow that. You may answer.

THE WITNESS: The – excuse me – the use of a logo on a product is very common.

BY MR. SCHWARTZ:

[p. 96] * * *

Q Okay. Were you concerned that the water bottle was patented?

A Yes, I was.

Q And you determined that it was not patented; is that correct?

A Philip Morris determined that it was not patented.

Q Has anyone ever informed you that the water bottle is, in fact, patented?

A As of today?

Q Right. The water bottle, not the waist pack.

A Uh-huh.

Q The water bottle.

A The water bottle, no.

[Q And after Philip Morris told you that the water bottle was not patented and they hadn't found a patent on the waist pack either, and therefore it was okay to proceed, did you have any concerns that the water bottle was, in fact, patented?

A No, I did not.]

MR. SONI: I'll object as to the form of the question, Your Honor.

* * *

[p. 98] A At the time I was just concerned about a possible patent on the water bottle.

THE COURT: There have been a lot of questions about her – about Ms. Banks' concern about patents. I want to remind the jury again that this is not a patent infringement case. It's a case where the plaintiff claims that there's a trade dress infringement. And that depends on a lot of factors as to which I will instruct the jury at the time we submit the case to the jury.

Okay. Go ahead.

BY MR. SCHWARTZ:

Q Referring to Exhibit 11, which is one of the exhibits you were earlier questioned about.

THE COURT: I've made my twice daily speech. Go ahead.

BY MR. SCHWARTZ:

[Q Exhibit 11, please. Exhibit 11 is in the jury book. You earlier read part of paragraph 3. You didn't read the whole paragraph because you were requested to stop. Now, you had read – why don't you read the whole paragraph this time.

A Okay. "One is a fanny pack that is the exact design to the Rear Gear brand pack."

Q Okay. Could I stop you right there for a second. At that point did you have a problem – this doesn't refer to the [p. 99] water bottle, that sentence refers to the pack. Did you have a problem with making a copy of the waist pack?

A No, I did not.

Q Why not?

A Because there didn't seem to be anything distinctive – essentially different about that particular style.

Q Just so that we're clear on what you mean by distinctive. This had an arrangement of pockets; is that common?

A Very common.

Q Did it – it had zippers; is that common?

A That's very common.

Q Why?

A Otherwise – if it didn't have zippers it would be useless.

Q What's the purpose of a fanny pack or a waist pack?

A The purpose of a fanny pack or a waist pack is a little carryall. A carryall that's attached to your body, you have freedom of movement of your arms and it's a carryall to store your personal belongings.

Q So you need to have zippers for pockets?

A Absolutely.

Q What do you normally carry in the pockets? Or what normally would be carried in the pockets?

A What would normally be carried in the pockets, water bottles, Walkmans, keys, money, license, audio cassette tapes]

* * *

[p. 135] A Trading on the goodwill? I'm not sure –

Q Let me rephrase that.

A – I know what you mean. Yeah.

[Q Okay. Did you think the design of the Marlboro – of the Rear Gear was proprietary?

A Of the fanny pack, no, I did not.

Q Did you think it was just an arrangement of common elements?

A Yes.

Q Okay. And you knew there wasn't a patent on it; is that correct?

A I was advised by Philip Morris that there was not a patent.

Q Was there any reason for you to believe that Sunburst or Freestyle or Ski Tote, for that matter, had exclusive rights in the design of the Rear Gear?

A I'm sorry. Could you repeat that.

Q Did you have any reason to believe, back in May of 1992 or the ensuing several months there, when the Marlboro waist pack was being manufactured, did you have reason to believe that Ski Tote or Freestyle owned the rights to the design of the Rear Gear waist pack?

A No.]

Q Before you started having the waist pack manufactured or copied, the Marlboro waist pack being manufactured, did Cyrk

* * *

[p. 43] SHLOPAK – CROSS

* * *

THE COURT: Whoa, whoa. I think you've answered the question. Go ahead.

BY MR. SCHWARTZ:

Q Okay. What was the business of the Louis Gregory Company?

A After the first two years, primarily making sports bags.

Q And you were involved in the making of the sports bags?

A Yes.

Q How were you involved?

A Well, I used the same network that I had prevailed in in the printed apparel business to secure sporting goods companies like a Wilson Sporting Goods or a Reebok to go out and design and manufacture and source sports bags.

Q Did these sports bags include what we've been calling waist packs or fanny packs?

A Yes, they did; especially in the ski industry which was probably our first target in the sports bag business. They required a lot of waist packs. That's probably where waist packs started was in the ski industry; one of the areas.

[Q Now, I'm not going to ask you to look through Exhibit 9 again. But to your knowledge, are those items –

the luggage [p. 44] and the waist packs shown in there, were they on sale in 1992?

A The ones that I had looked through, if my memory serves me, they were probably on sale before 1992. Most of those were during the '80's. That's when we started the manufacturing of those waist packs.

Q So those would not reflect what was in the market in the United States in 1992?

A Right.

THE COURT: Well, wait a minute. He hasn't said they weren't being sold in '92. Had the sale of those ceased by '92?

THE WITNESS: I would think so. Usually it's a fairly you know, you make a design last in the marketplace for a couple of years. So most of those waist packs that we were looking at were probably sold between the years of 1983 and 1988.]

BY MR. SCHWARTZ:

Q Okay. Did you have any other experience with any other company that dealt in the manufacture or distribution of waist packs?

A I don't think so.

[Q Okay. So before that meeting in May of 1992 with Philip Morris, you had many years experience both with Cyrk and Louis Gregory with the manufacture and distribution and design of waist packs; is that correct?

[p. 45] A We had a lot of experience in waist packs.

Q Okay. So you were shown at that first meeting a design of a waist pack that had been produced by the Design Factory.

A Yes.

Q Did you think that design was distinctive?

A Not at all.

Q Why not?

A Well, it actually looked fairly regular or fairly normal. I mean, it had the typical, you know, one-zipper compartment at the top of the bag. It had the same general waist pack shape and strap and so forth that you always see. It had the you know, a couple of small side pockets on the bag that would be used for, you know, smaller items. Almost every fanny pack is designed with one large main compartment and a number of smaller compartments depending on the cost or price – you know, what was available,

Q Had you previously seen a waist pack that had multiple pockets in it?

A Many, many times.

Q Did you ever see a waist pack that had a large pocket and below which there were multiple smaller pockets?

A Yes.

Q And were these waist packs sold in the United States to your knowledge?

A Yes.]

* * *

[p. 87] POLETTI – DIRECT

* * *

BY MR. SONI:

Q During the course of your duties, sir, do you have occasion to attend trade shows?

A Yes, sir.

Q Do you visit retailers?

A Yes, sir.

[Q Are you familiar with the Marlboro Adventure Team program?

A Yes, I am.

Q How did you first becomes familiar with that?

A A representative of mine approached me at a trade show and asked me directly if we had manufactured the waist pack for Marlboro.

Q Did the representative indicate why – was it a he or a she?

A It was a he.

Q Was there any indication of why they believed that you might have manufactured it?

MR. SCHWARTZ: Objection; hearsay.

[p. 88] MR. SONI: Not for the truth of the matter, Your Honor.

THE COURT: No, overruled. You may answer.

THE WITNESS: Could you repeat the question, please?

BY MR. SONI:

Q Was there any indication of why they believed that you – your company would have manufactured the Marlboro Adventure Team program waist packs?

A Well, he mentioned the fact that the product looked exactly like ours.

Q Did you provide a response to that inquiry?

A I told him we had not manufactured that product.]

MR. SONI: I have no further questions.

THE COURT: All right. Mr. Schwartz?

CROSS EXAMINATION

BY MR. SCHWARTZ:

Q Mr. Poletti, have you ever had any contact with Cyrk directly?

A No, I have not.

Q Are you familiar with its business?

A Yes, I am.

Q How are you familiar with its business?

A We have some representatives who also represent the Cyrk line of products.

Q These are not exclusive representatives of yours then.

* * *

* * *

questions called interrogatories must be answered under oath, and they're evidence just like any other evidence in the trial.

Go ahead and read the question and answer.

MR. SCHWARTZ: Interrogatory Number [1: "State the first date on which the Rear Gear was first offered for sale." Response to Interrogatory Number 1: "Rear Gear has been defined to mean the waist pouch identified in the complaint which is the subject of the 471 patent."]

THE COURT: Pick it up on line 15 where plaintiff answers.

MR. SCHWARTZ: Okay. Skipping the objection, "Plaintiff answers that the first sale or offer of sale occurred on or about February 1990 and within one year prior to its filing of an application for a design patent in September 1990."

BY MR. SCHWARTZ:

Q As just read as part of the evidence, the Rear Gear has been defined to mean – defined by you to mean the design shown in the 471 patent; is that not correct?

MR. SONI: Objection, Your Honor; mischaracterizes the answer.

THE COURT: Well, this is the answer of the corporation as I understand it.

MR. SCHWARTZ: Of the corporation; of the plaintiff.

[p. 114] MR. SONI: Your Honor –

THE COURT: Okay. I think that's the clarification that you wanted, Mr. Soni?

MR. SONI: No, Your Honor. It goes beyond that. There are definitions to which these interrogatory responses were referring. They were definitions which were included in the request that was made and in the answer that was given. None of that has been read into the record, and I don't think it's a fair question.

THE COURT: Tell you what, if it's material – I say if it's material, then later on you read the other stuff. Go ahead. Let's move on.

BY MR. SCHWARTZ:

[Q Was the water bottle part of the 471 patent?

A That was granted?

Q Yes.

A No.

Q So that by this definition of the waist pouch being identified in the complaint which is the subject of the 471 patent, it would not include the water bottle; would it?

A I guess that's correct. We did – when we made the application for the patent, it included the water bottle.

Q But the issued 471 patent did not include the water bottle.

A That's correct.]

* * *